



STACEY O'DAY
Allen County Assessor

1 E Main Street Ste 415 – Rousseau Centre – Fort Wayne, IN 46802-1811
Phone: (260) 449-7123 Fax: (260) 449-4621 assessor@co.allen.in.us

**Allen County's Annual
Trending Summary
2014 Pay 2015**

5/1/2014

Allen County performed preliminary ratio studies on all neighborhoods at the township level. An analysis of the statistics helped indicate which areas needed the most concentration for this year in regards to both sold and unsold properties. Property characteristics were also updated during sales validations.

Residential land values were developed for new subdivisions and adjusted in areas that sales indicated change. After these steps were taken, neighborhood factors (annual adjustments) were calculated for each neighborhood. These neighborhood factors were applied and the statistics were calculated again. Further analysis was done where it was required.

We used sales between 1/1/2013-2/28/2014 in the annual adjustment process in neighborhoods that had enough sales in that timeframe. In neighborhoods where there weren't sufficient 2013 and 2014 sales, we used sales from 2012. There was no market evidence supporting time adjustments for these sales. All of these sales were physically inspected within the 60 day timeframe.

As we have in years past, we used a gross rent multiplier model to value residential rental properties.

New location multipliers supplied by the DLGF were updated into our system for 2014 pay 2015.

In some neighborhoods, we had to trim outliers that were heavily scrutinized and we determined that they did not fit the market. We found that we had other sales in these neighborhoods that supported the market values, and the identified outliers were not indicative of those values. These outliers can be found in red in the attached study.

Also, after submitting our sales data to the state in February 2014, some sales were further scrutinized and their validity codes have been changed. These have been changed along with other sales that were deemed invalid. They all can be found in the attached spreadsheet as well.

Allen County has a significant number of multi-parcel sales every year. In areas where the sample sizes are sufficient, multi-parcel sales are usually excluded from the annual adjustment process. These can also be found in the attached spreadsheet.

Below are notes regarding a few of the different studies:

- 1) **Industrial Vacant** - county-wide study was conducted due to lack of sales. 2012 sales were also included here due to lack of sales.
- 2) **Industrial Improved** – county-wide study was conducted due to lack of sales.
- 3) **Commercial Vacant** – county-wide study was conducted due to lack of sales.
- 4) **Commercial Improved** – combined study for Cedar Creek, Eel River, Jackson, Jefferson, Lafayette, Lake, Madison, Marion, Maumee, Milan, Monroe, Perry, Pleasant, Scipio and Springfield Townships due to lack of sales and similarities in markets. Also combined studies for Wayne & Adams Townships for same reason.
- 5) **Residential Vacant** – combined study for Eel River, Jackson, Jefferson, Lafayette, Lake, Madison, Marion, Maumee, Milan, Monroe, Pleasant and Springfield Townships due to lack of sales and similarities in markets. Also, combined study for Adams and Wayne Townships due to lack of sales and similarities in markets.
- 6) **Residential Improved** – combined study for Jackson and Jefferson Townships. Also Madison, Marion, & Monroe Townships. And combined study for Scipio and Springfield Townships due to lack of sales and similarities in markets.

Wayne Township 2014 Trending Summary

Overview

For the 2014 annual adjustment process, Wayne Township analyzed sales which occurred between January 1, 2013 and February 28, 2014. Sales disclosures were initially verified and validated by the township Real Estate Records Deputies. This was done by phone contact with the buyers and sellers. The township is broken down by quadrants representing taxing districts. Each sale was physically inspected and the sales disclosure was verified a second time by a Residential Real Estate Appraisal Deputy who specializes in that area. Residential parcels were valued using the cost model and calibrated with neighborhood specific trending factors developed from the analysis of sales. 1-6 family rental properties were valued using a Gross Rent Multiplier, obtained by collecting sales and income data from comparable investment properties. Any neighborhood which was considered predominantly foreclosure was valued by using the upper 50% of the assessed value to sales price ratio of foreclosure sales, and 50% of the lower half of the assessed value to sales price ratio of valid sales. This helps to eliminate the outliers from inflated sales and foreclosures. This data is then analyzed for mathematical outliers to identify the median sales. Those median sales are then used to create the factor and determine the value in the neighborhood.

Review of Residential Parcels by Taxing District

Northeast Quadrant/Area 91

Single family, non-income producing parcels in the northeast portion of Wayne Township saw a slight decrease in “overall” value of 0.9%. The new foreclosure neighborhood (171504) has shown a dramatic decrease in value, while the 6 prior foreclosures have remained steady with little or no change.

Northeast Quadrant	
Total parcel count for foreclosures: 2687	
172108	172220
172207	172225
172117	171114
171101	171102
171504	

Northwest Quadrant/Area 92

Annual Adjusting for 2014 has the northwest portion of Wayne Township's single family non income producing parcels showing an "overall" decrease of 1%. However, the section known as "West Central" showed a significant increase due to new construction and a push for development. District 92 shows no additional new foreclosure neighborhoods, and not enough sales to change existing ratios in neighborhoods identified as such.

Northwest Quadrant Total Parcel Count for foreclosures: 958	
271501	271537
271513	271542
271528	271550
271337	271602
271608	271611
271612	271342

Southeast Quadrant/Area 93

The overall change for the Southeast quadrant was a 2.15% increase. The majority of neighborhoods had no change or a small increase. However, a few neighborhoods had significant increases due to sales price increases. In these areas the amount and prices of investment sales appear to be on the rise. These areas are mainly in the Northeast region of the quadrant. Most foreclosure neighborhoods are stabilizing.

Southeast Quadrant Total parcel count for foreclosures: 4858		
371158	371284	371320
371405	371610	371706
371711	371714	371715
371723	371817	371819
371903	372101	372105
372106	372201	372207
372209	372213	

Southwest Quadrant/Area 94

The southwest portion of Wayne Township is very diverse. The area closest to downtown, is highly populated with rental properties while the south and west part of the quadrant contain some of the highest valued properties in the township. Single family non income homes showed a slight decline in value of 0.5%, while the areas containing a majority of income properties have seen an increase in amount of sales and sale prices.

Southwest Quadrant Total Parcel Count for Foreclosures: 5302	
472302	471112
471220	471211
471311	471408
471415	471417
471864	471874

Waynedale/Area 95

Waynedale saw the addition of six foreclosure neighborhoods last year, and this area has already stabilized to reflect those values. Valid sales were used to trend these neighborhoods and the factors remained the same as the prior year. Overall Waynedale experienced a decrease of 9% in assessed value. This was due to the increase in income properties and the stabilization of sales prices to equal foreclosure pricing. There has been new development in the area, but these remain commercial and are tax credit properties to date.

Waynedale Total Parcel Count for Foreclosures: 944	
841501	841502
841506	841505
841512	841514

TWP/ Area 30, 31, 96

These areas are located on the outer edge of the township, and mainly consist of rural properties. This area continues to remain stable with little or no market activity. TWP has not been influenced by foreclosures or income producing properties. Trends in the area show a slight increase in assessed value of .09%.

Income Producing Properties

Residential rentals are valued using a gross rent multiplier model. Due to the change in legislation with the introduction of HEA 1195 the township has developed an extensive and increasingly accurate data base of income information. In an effort to reduce future appeals, during the sale validation process information regarding the rents charged, bedroom counts, vacancy rates, utility costs, and property condition is collected. Income property owners are instructed on the methods of valuation, and how to take advantage of income pricing.

We have noticed a sharp increase in income property buyers from outside of the state. There were a few large package purchases from these buyers last year. Recent trends are showing an increase in individual purchases from outside investors. They tend to pay more for the properties because they are buying them already refurbished with renters in place. Income producing properties have increased in overall value 3.73% in the township

Summation

The 2014 annual adjustment process indicates that throughout the majority of the township, values remain stable with a slight increase or decrease based on demographics. Sales trends continue to show the majority of sales taking place within Wayne Township are by investors who are refurbishing and renting the properties. Included are two articles from the Fort Wayne Journal Gazette, which further explaining this trend.

Housing Authority Sees Need

Thousands apply for voucher program waiting list

On day one, more than 4,000 people signed up. By the end of day two, officials were looking at sorting through 5,100 applications. At the end of Friday, the same officials were expecting to have 6,000 people sending them applications. This past week was the three-day window for the Fort Wayne Housing Authority's open waiting list for the Housing Choice Voucher program, previously known as Section 8. And if there's one thing that number represents, officials say, it's that people are still in need of housing. "This is a reflection of the economy and the job status here in the area," said Maynard Scales, the Fort Wayne Housing Authority executive director. "This is real need, that's obvious to us." The program allows low-income participants to rent apartments where landlords accept vouchers. Tenants pay 30 percent of their income toward rent and the federal government pays the rest.

Demand for vouchers is so high and supply so low that the housing authority rarely opens the waiting list, doing so the last time four years ago. During that round, roughly 10,000 people applied for vouchers. While the number of applicants went down, Scales puts the 6,000 figure in perspective. "It would take us 20 years to satisfy all those applicants," he said. Still, some say such a program is not necessarily pointing out everyone who is in need of housing. To some, participating in the program could just mean they're looking for an upgrade. "It's not that you don't necessarily have that many people not housed, it's that this is a better place to live," said Jonathan Ray, the president and CEO of the Fort Wayne Urban League. In saying that, though, Ray did not say there weren't people in the area who are in need. The Urban League helped 250 people across the region who were facing foreclosure remain in their homes last year, Ray said. "That's a significant number, when you consider the impact to the community," he said. Justin Berger is executive director of Fort Wayne Habitat for Humanity. He said that like it or not, the recession continues to rear its head – particularly when it comes to affordable housing. "The need is higher now than ever before," Berger said. "A lot of people lost jobs. Some have gone from having two incomes to one. Although the economy looks like it's doing well ... there is a lifestyle modification taking place." It's a painful process.

"People are trying to right-size themselves," Berger said. "Last year, we had 600 applicants. That's our most ever." In 2013, Habitat for Humanity launched its first-ever affordable housing subdivision on West Cook Road on the city's northwest side. Fuller's Landing, a \$10 million, 120-lot addition, requires applicants make between \$14,000 and \$37,100 annually, based on family size. Homeowners in the subdivision will pay a zero-interest mortgage with 20- to 30-year terms, and typical payments will be about \$500 a month, including taxes and insurance. Fuller's Landing will feature one-, 1 1/2 - and two-story home designs with a minimum of three bedrooms. Affordable housing, however, is in no way only an urban issue, said Charyl Luth, executive director of Affordable Housing Association Indiana in Decatur. The organization is a nonprofit that represents rural developers and property management companies specializing in affordable housing. "Each year, there is more of a need," said Luth, whose membership includes 16,000 apartment units. "They need updating with new furnaces and things like that. With more baby boomers aging, some of them will need places to stay that they can afford because many of them will be on fixed incomes," Luth said.

Ultimately, Scales said his office will probably end up helping about 300 people through the voucher program. He also said that while his office is currently overwhelmed with voucher applications, the staff will sort through them. If someone who applied hasn't heard from the housing authority after July 15, they should feel free to contact the office, Scales said. Many applications came through online applications, he said, which helped keep Fort Wayne from seeing riots like the one in Detroit, which broke out last year at a housing authority office or the one in Atlanta, where one broke out in 2010. Still, the sheer number of applicants paints a vivid picture, according to Scales. "This is evidence there's a need for affordable housing," he said.

jeffwiehe@jg.net

© Copyright 2014 The Journal Gazette. All rights reserved.

Published: February 23, 2014 3:00 a.m.

Bulk rentals attracting buys

In December, Bill Browand, a Fort Wayne Realtor, closed a deal selling nearly 100 Fort Wayne homes. If you're envisioning mountains of paperwork at the closing table, well, that didn't happen, says Browand, of Coldwell Banker Roth Wehrly Graber. That's because the houses – all rental properties, many with current tenants – were sold as a package to one buyer, an investment firm in California. "It really wasn't so bad," he says of the closing, which area real estate professionals say may foreshadow a trend in Fort Wayne. Traditionally, single-family rental homes have been owned by local landlords. But there's more interest in such properties from groups or individuals far-flung from the Hoosier State who are buying in bulk. Lately, hardly a week goes by that area real-estate experts don't get a call from an out-of-state firm looking for a package of rentals, though many deals don't come to fruition.

"I have seen recently even one or two out-of-country investors coming here looking to (buy)," says Kyle Ness, president of Upstate Indiana Association of Realtors, also known as UPSTAR. Credit the area's reputation for having affordable properties. "The numbers look just phenomenal on paper," Ness says when asked why Fort Wayne is seen as attractive by investment groups. "You can buy a \$20,000 property that will gross \$6,000 a year (in rents) and nets out \$4,000 after taxes, insurance, vacancy and estimates on maintenance. That's a 20 percent return and that's considered excellent."

Lawrence Yun, chief economist with the National Association of Realtors, says the interest in Fort Wayne is a lingering product of the housing bubble. When housing prices in places such as Phoenix, Las Vegas and Atlanta rose and then dropped, investors quickly moved in to scoop up what they saw as bargains, he says. But, by the middle of last year, as prices strongly rebounded and the supply of lower-priced houses from foreclosures and short sales dropped, those markets became less attractive. "What's been happening in the recent cycle is ... we've seen some investors turn to some more affordable markets in the Midwest, such as Memphis, Detroit and ... now Fort Wayne," Yun says. "They are seeking rental income, and they believe they are still buying on the cheap because Fort Wayne prices did not rise as much." Compare it to buying a stock that not only pays regular dividends and also has the potential to rise in value, he says, adding that investors also might be anticipating rising rental income. Statistics show rents lately have been rising nationally at the fastest pace in six years, Yun says – the result of a dearth of new construction in apartments and single-family houses in recent years combined with increased demand from foreclosed homes' residents needing somewhere to live.

Browand says he's not at liberty to disclose the name of the buyer, the seller or the purchase price, except to say the total sale amounted to millions. He also would not disclose addresses. He says properties were from various sections of the city, but many were on the southeast side, near downtown or on the near north side. Most were single-family homes but there were a few multifamily units. The seller, from Fort Wayne, was liquidating part of a large portfolio of rentals he'd tried to sell previously as part of a plan for winding down a business, Browand says.

Many of the properties were sold already leased, and the buyer, who is working with a local company to manage the properties, plans to expand holdings in Fort Wayne, he says. Public records in the Allen County Recorder of Deeds' and assessor's offices show in December about 100 properties were sold to Inpro Investment Partners LLC. The seller was a small group of Fort Wayne concerns controlled by members of one family. Inpro has an address of La Jolla, Calif., and was formed in March 2012, according to California corporate registration records available online. Its registered agent is listed as Jorge Campello Figueiredo. No telephone number could be found for him or Inpro.

Just how more outside investment in rentals will affect Fort Wayne remains to be seen, says Heather Presley-Cowen, the city's deputy director of community development. In the southeast quadrant, she says, the city has been promoting home ownership and conversion of rentals to owner-owned homes as a course to stabilizing neighborhoods, she says, making the sale of large numbers of properties as rentals counter those efforts. More out-of-town owners also could mean less investment in upkeep and more vacant properties that could become a problem for neighborhoods, she adds. That's because in investment packages, profitable properties can be sold along with less profitable ones, and investors may be able to leave some properties unfilled and unattended and still make money. Indeed, she says, packages may be designed for the purpose of offsetting profits from other more profitable properties elsewhere. She says the responsiveness of property managers is key. "If you shop in the same grocery store as your landlord, that's a whole different conversation than if you've never met," Presley-Cowen says. "Unless there's good property management ... that's when things can go bad." Rents also could go up, she says. If the purchased properties are enrolled in the federal Section 8 program, the subsidized rents are government-set.

Bulk rentals attracting buys...continued

But new private owners could decide to raise rents to levels more comparable to their home areas, she says. Browand says that although the properties were not in Section 8, he doesn't anticipate rental increases, "at least not initially," because investors want to retain tenants. Bud Myers, executive director of the Indianapolis Housing Authority, says that city has seen another effect from the sale of several thousand rental homes in packages to out-of-area investors in the last 18 months. Many were Section 8 properties, which are seen as more desirable by investors because the federal government guarantees rents will be paid, he says. But the sales led to an upswing in violations of the agency's rules and more challenging fraud investigations, he says.

Companies or individuals in Australia, Israel, California, Kansas City and Hong Kong have been among those involved, he says, but it has been difficult to track ownership. But Browand says he sees the trend as boding well for the Fort Wayne economy because it brings in outside money, and he believes his buyer will be a responsible landlord. "These guys came through and walked through every property. They spent three days here in town and were constantly calling (addressing issues)," he says. "It was a ton of work," Browand adds of the deal, almost a year in the making. "But a lot of the bigger companies out there before weren't looking at little Fort Wayne for 100 properties. ... We're showing it can be done."

rsalter@jg.net

© Copyright 2014 The Journal Gazette. All rights reserved